

PUBLIC ACCOMMODATIONS TAX

STATUTORY PROVISION

Title 30, Delaware Code, Chapter 61.

COLLECTION/ADMINISTRATIVE AGENCY

The public accommodations tax is administered by the Department of Finance, Division of Revenue. Proceeds from the tax are distributed as follows: One-eighth is earmarked to the Department of Natural Resources and Environmental Control, one-eighth is earmarked to county level convention and visitors' bureaus, one-eighth is earmarked for the Delaware Tourism Office, and five-eighths are deposited in the General Fund.

GENERAL LIABILITY

Any establishment engaged in the business of furnishing or providing rooms intended or designed for transient lodging in hotels, motels, or tourist homes must obtain a hotel, motel, or tourist home license. In addition, a public accommodations tax is imposed upon the rental charge for transient lodging in hotels, motels, or tourist homes. Persons who reside or have the right to reside in transient lodging more than five consecutive months are exempt from tax.

TAX RATES

8% of the rent, plus an annual license fee as determined by the following schedule:

- | | |
|----------------------|--|
| • Hotels | \$25 for each room and \$30 for each suite |
| • Motels | \$25 for each room |
| • Tourist Homes | \$15 for each room |

Lodging/housing offered by following is exempt from the public accommodations tax:

- Charitable, educational, or religious institutions
- Summer camps for children
- Nursing homes and hospitals

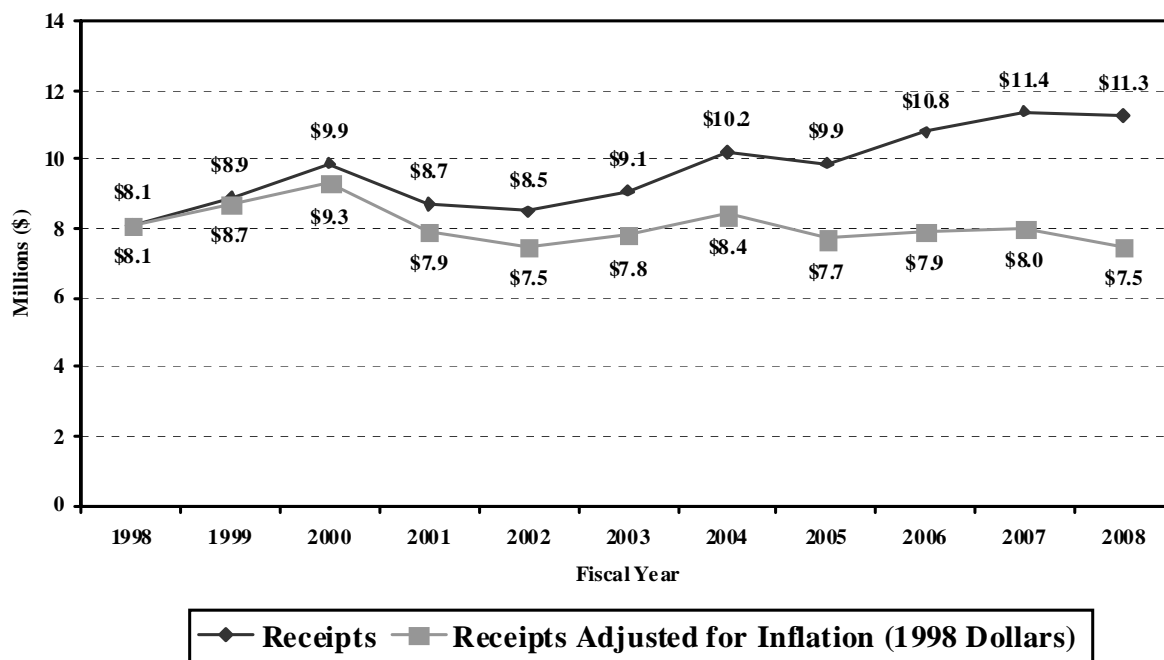
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The following occupants/renters are exempt from the public accommodations tax:

- Employees of U.S. Government on official business
- U.S. military personnel on official business
- Permanent residents of hotels, motels and tourist homes

TAX RECEIPTS

Public Accommodations Tax



LEGISLATIVE HISTORY

Approved Date	Effective Date	Description of Changes
8/15/71	7/30/71	Instituted the public accommodations tax (58 Del. Laws c 288; HB 504).
6/30/81	6/30/81	Exempted from the 6% occupancy tax any tourist home rooms that provide cooking facilities for guests (63 Del. Laws c 68).
6/29/82	7/01/82	Imposed a 5% penalty (50% maximum) for failure of any owner to file a return or pay the 6% tax (65 Del. Laws c 291; HB 631).

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
6/29/82	6/29/82	Added administrative provisions, including assessment, appeal, and notice of demand procedures (63 Del. Laws c 294; HB 634).
7/19/89	7/1/89	Raised the tax rate to 8% of rent. Earmarked proceeds from 1% of the 8% rate to a beach preservation fund and another 1% to each county's visitors' bureau (General Fund receives the other 75% of total revenues) (67 Del. Laws c 138; HB 423).
8/1/91	1/1/92	Repealed various procedural provisions in light of enactment of Chapter 5 of Title 30 (68 Del. Laws c 187; HB 281).
7/1/00	7/1/00	Earmarked 1/8 of gross proceeds to the Delaware Tourism Office (72 Del. Laws c 395; SB 420).
7/10/06	7/10/06	Required the Division of Revenue to publish, on its website, the top 100 delinquent taxpayers owing (i) personal income tax and (ii) business tax liabilities under Title 30 of the Delaware Code. Overdue liabilities subject to posting are limited to those taxes administered by the Department of Finance (75 Del. Laws c 406; HS 1 for HB 118).
7/10/06	1/1/07	Decreased the rate of interest assessed on overdue tax liabilities and paid on outstanding tax refunds from 1% to 0.5% and increased the penalties assessed on overdue liabilities from 0.5% to 1% (75 Del. Laws c 411; HB 397).

FILING PROCEDURES

The operator of the hotel, motel, or tourist home collects the tax from the occupant at the time of payment of the rent, based on the rent paid.

PAYMENT DATES

Tax payments are made to the Division of Revenue monthly, by the 15th day of the following month.

PENALTIES AND INTEREST

Failure to timely file the required tax return will result in a late filing penalty of 5% per month (maximum of 50%) of the amount of tax due, plus interest of 1% per month from the due date of the payment. (For tax periods beginning on or after January 1, 2007, the rate of interest shall be reduced from 1% to 1/2% per month.) Failure to pay the amount of tax shown to be due will result in a failure

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to pay penalty of 1/2% per month up to a maximum of 25% of the amount of tax unpaid. (For tax periods beginning on or after January 1, 2007, the failure to pay penalty rate shall be increased from 1/2% to 1% per month.) Where warranted, the Division of Revenue may apply a negligence penalty of 20% of the amount of the deficiency, or a penalty of 40% if such deficiency is due to a substantial understatement of the tax. The Division of Revenue may also impose a fraud penalty of 75% where any part of the deficiency is due to fraud. The Division of Revenue will assess a penalty for failure to pay the full tax due when the final return is filed in the amount of 1/2% per month.